



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 10/15/02  
AGENDA ITEM 6  
WORK SESSION ITEM         

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Proposition 46: Housing and Emergency Shelter Trust Fund Act of 2002

**RECOMMENDATION:**

It is recommended that the City Council, by motion, endorse the passage of Proposition 46.

**BACKGROUND:**

This item appears on the agenda at the request of Councilmember Joe Hilson.

The State Legislature voted to place Proposition 46 on the November ballot. If passed by the voters, Proposition 46 authorizes the issuance of \$2.1 billion in general obligation bonds to fund various housing programs. The attached excerpts from the Voters Pamphlet provide additional information concerning this measure.

Proposition 46 enjoys widespread support from numerous non-profit, public and private sector organizations. Numerous cities and counties have also endorsed the Proposition, as has the League of California Cities.

A handwritten signature in black ink, appearing to read "Jesús Armas", is written over a horizontal line.

Jesús Armas  
City Manager

Attachment

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## CALIFORNIA

★ OFFICIAL VOTER ★  
INFORMATION GUIDE

GENERAL ELECTION DATE

Tuesday, November 5, 2002

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CANDIDATES

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CALIFORNIA  
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## Housing and Emergency Shelter Trust Fund Act of 2002.

## ➤ PROP 46

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Text of Proposed Law

## PROP 47

## PROP 48

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## PROP 52

## Bond Act

*Put on the Ballot by the Legislature*

## Summary

This act provides for the Housing and Emergency Shelter Trust Fund Act of 2002. For the purpose of providing shelters for battered women, clean and safe housing for low-income senior citizens, emergency shelters for homeless families with children, housing with social services for the homeless and mentally ill, repairs and accessibility improvements to apartments for families and handicapped citizens, homeownership assistance for military veterans, and security improvements and repairs to existing emergency shelters, shall the state create a housing trust fund by issuing bonds totaling two billion one hundred million dollars (\$2,100,000,000), paid from existing state funds at an average annual cost of one hundred fifty seven million dollars (\$157,000,000) per year over the 30-year life of the bonds, with the requirement that every city and county is eligible to receive funds as specified in the measure and with all expenditures subject to an independent audit?

## What Your Vote Means

## Yes

A **YES** vote on this measure means: The state could sell \$2.1 billion in general obligation bonds to support various housing programs.

## No

A **NO** vote on this measure means: The state could not sell \$2.1 billion in general obligation bonds for these purposes.

## Arguments

## Pro

Proposition 46 provides emergency shelters for battered women, affordable housing for seniors, low-income families, homeless shelters with social services; paid out of existing state resources without raising taxes; endorsed by AARP, Congress of California Seniors, League of Women Voters of California, California Chamber of Commerce, California State Sheriffs Association.

## Con

This bond will provide \$2.1 billion for housing projects, but will cost taxpayers approximately \$3.36 billion to pay off. It will provide only miniscule benefits to first-time homebuyers and will do NOTHING to remove the bureaucratic and regulatory barriers to affordable housing throughout California.

## For Additional Information

## For

Julie Snyder  
Yes on Proposition 46/Housing California  
926 J Street, Suite 1400  
Sacramento, CA 95814  
916-447-0531  
[info@prop46yes.org](mailto:info@prop46yes.org)  
[www.prop46yes.org](http://www.prop46yes.org)

## Against

No contact information was provided.

## HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2002.

## OFFICIAL TITLE AND SUMMARY

*Prepared by the Attorney General*

### HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2002.

- Creates trust fund to: provide shelters for battered women; clean and safe housing for low-income senior citizens; emergency shelters for homeless families with children; housing with social services for homeless and mentally ill; repairs/accessibility improvements to apartments for families and handicapped citizens; military veteran homeownership assistance; and security improvements/repairs to existing emergency shelters.
- Funded by bond issue of two billion one hundred million dollars (\$2,100,000,000).
- Makes cities and counties eligible to receive specified funds.
- Subjects expenditures to independent audit.
- Appropriates money from state General Fund to repay bonds.

### SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- State cost of about \$4.7 billion over 30 years to pay off both the principal (\$2.1 billion) and interest (\$2.6 billion) costs on the bonds. Payments of about \$157 million per year.

### FINAL VOTES CAST BY THE LEGISLATURE ON SB 1227 (PROPOSITION 46)

Assembly: Ayes 54 Noes 21

Senate: Ayes 27 Noes 11

## ANALYSIS BY THE LEGISLATIVE ANALYST

### BACKGROUND

About 150,000 houses and apartments are built in California each year. Most of these units are built entirely with private dollars. Some, however, receive subsidies from federal, state, and local governments. For some of the units that receive *state* funds, the state provides low-interest loans or grants to developers (private, nonprofit, and local governments). Typically, there is a requirement that the housing built be sold or rented to Californians with low incomes. Other state programs provide homebuyers with direct financial assistance to help with the costs of a down payment.

The amount of funds that the state has provided to these types of housing programs has varied considerably over time. In 1988 and 1990, voters approved a total of \$600 million of general obligation bonds to fund state housing programs (these funds have been spent). Since that time, the state typically has spent less than \$20 million annually in General Fund revenues on state housing programs. On a one-time basis, however, the state recently provided more than \$350 million in General Fund revenues for these purposes.

### PROPOSAL

This measure allows the state to sell \$2.1 billion of general obligation bonds to fund 21 housing programs. General obligation

bonds are backed by the state, meaning that the state is required to pay the principal and interest on these bonds. General Fund revenues would be used to pay these costs over about 30 years.

Figure 1 describes the programs and the amount of funding that each would receive under the measure. Most of the funds would go to existing state housing programs. A number of the programs, however, are new, with details to be established by subsequent legislation. The major allocations of the bond proceeds are as follows:

- **Multifamily Housing Programs (\$1.11 Billion).** This measure would fund a variety of housing programs aimed at the construction of rental housing projects, such as apartment buildings. These programs generally provide local governments, nonprofit organizations, and private developers with low-interest (3 percent) loans to fund part of the construction cost. In exchange, a project must reserve a portion of its units for low-income households for a period of 55 years. This measure gives funding priority to projects in already developed areas and near existing public services (such as public transportation).
- **Homeownership Programs (\$405 Million).** A number of the programs funded by this measure would encourage homeownership for low- and moderate-income homebuyers. Most of the funds would be used to provide down payment

## ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

assistance to homebuyers through low-interest loans or grants. Typically, eligibility for this assistance would be based on the household's income, the cost of the home being purchased, and whether it is the household's first home purchase.

- **Farmworker Housing (\$200 Million).** These funds would be used to provide loans and grants to the developers of housing for farmworkers. Program funds would be used for both rental and owner-occupied housing.
- **Other Programs (\$385 Million).** Additional funds would be allocated for the construction of homeless shelters, payments to cities and counties based on their approval of housing units, provision of mortgage insurance for high-risk homebuyers, and capital needs of local code enforcement departments.

Most of the program funds probably would be allocated over a three- to five-year period. For many of the programs, the measure limits the length of time available for the funds to be spent. If after a specified length of time—between 18 and 48 months—a program's funds are unspent, they would be reallocated to a different housing program.

The measure provides the Legislature broad authority to make future changes to the programs funded by the measure. The measure also requires the State Auditor to perform periodic audits of the agencies administering the funds and the recipients of the funds.

**Impact of Funds.** The funds from this measure typically would be used together with other government monies to provide housing assistance. In total, the bond funds would provide annual subsidies for about 25,000 multifamily and 10,000 farmworker households. The funds would also provide down payment assistance to about 60,000 homebuyers and help provide space for 30,000 homeless shelter beds.

**FISCAL EFFECT**

**Bond Costs.** The cost of these bonds would depend on their interest rates and the time period over which they are repaid. Generally, the interest on bonds issued by the state is exempt from both state and federal income taxes—lowering the payment amounts for the state. Historically, the type of bonds proposed by this measure have not received the federal tax exemption—resulting in a higher interest rate for the bonds. If the bonds were sold at an average interest rate of 6.25 percent (the current rate for this type of bond) and repaid over 30 years, the cost would be about \$4.7 billion to pay off both the principal (\$2.1 billion) and interest (\$2.6 billion). The average payment would be about \$157 million per year.

**Administrative Costs.** Several agencies would experience increased costs to administer the various housing programs funded by this measure. Under existing law, a portion of the programs' allocations from the bond funds—up to about \$100 million—could be used for these administrative costs. The measure also authorizes some recipients to be charged for administrative costs, thus increasing funds available for this purpose.

**FIGURE 1****PROPOSITION 46  
USES OF BOND FUNDS**

(In Millions)		Amount
<b>Multifamily Housing Programs</b>		
Multifamily Housing	Low-interest loans for affordable housing developments. Units reserved for low-income renters in most cases for 55 years.	\$800.0
Supportive Housing	Low-interest loans for housing projects which also provide health and social services to low-income renters.	195.0
Preservation <sup>a</sup>	Funds to maintain affordability of units in projects where prior agreements are expiring.	50.0
Housing Trust Funds <sup>a</sup>	Grants to local governments and nonprofit organizations to fund local housing programs.	25.0
Health and Social Services	Low-interest loans for the construction of space for health and social services connected to affordable housing projects.	20.0
Student Housing	Low-interest loans for housing near state universities. Units reserved for low-income students.	15.0
Disabled Modifications	Grants for modifications to rental housing to accommodate low-income renters with disabilities.	5.0
		<b>\$1,110.0</b>
<b>Homeownership Programs</b>		
Homebuyer's Down Payment Assistance	Deferred low-interest loans up to 3 percent of home purchase price for first-time low- and moderate-income homebuyers.	\$117.5
CalHome	Variety of homeownership programs for low-income households.	115.0
Building Equity and Growth in Neighborhoods <sup>a</sup>	Grants to local governments to fund homebuyer assistance in high-density developments.	75.0
Nonprofit-Sponsored Counseling	Down payment assistance for first-time, low-income homebuyers participating in specified counseling programs.	12.5
Self-Help Construction Management	Grants to organizations which assist low- and moderate-income households in building their own homes.	10.0
School Facility Fees	Down payment assistance to eligible homebuyers to cover some or all of the fees paid to school districts to fund new school facilities.	50.0
School Personnel	Loans to school personnel for down payment assistance.	25.0
		<b>\$405.0</b>
<b>Farmworker Housing Programs</b>		
Farmworker Housing	Low-interest loans and grants for construction of housing for farmworkers.	\$155.0
Migrant Workers	Low-interest loans and grants for projects which serve migratory workers.	25.0
Health Services	Low-interest loans and grants for farmworker housing which also provides health services.	20.0
		<b>\$200.0</b>
<b>Other Programs</b>		
Emergency Housing Assistance	Grants for the construction of homeless shelters.	\$195.0
Jobs-Housing Improvement <sup>a</sup>	Grants to local governments based on the amount of housing they approve.	100.0
Housing Loan Insurance	Insurance for high-risk housing mortgages.	85.0
Code Enforcement	Grants for capital expenditures for local code enforcement departments.	5.0
		<b>\$385.0</b>
<b>Total</b>		<b>\$2,100.0</b>

<sup>a</sup> New program for which details would be established by subsequent legislation.

## ARGUMENT IN FAVOR OF PROPOSITION 46

YES on Proposition 46 will provide emergency shelters for battered women, affordable housing for seniors and low-income families, and shelters with social services for the homeless. That is why the Congress of California Seniors, the League of Women Voters of California, and the Association to Aid Victims of Domestic Violence strongly urge a YES vote on Proposition 46.

Importantly, this bond measure will be funded out of existing state resources without raising taxes.

In our communities, the problems of housing affordability, homelessness, and domestic violence have gotten progressively worse. According to the State Department of Housing, over 360,000 Californians are homeless and the numbers are rising.

Last year, 23,000 women and children were turned away from domestic violence shelters because they were full. Housing affordability for working families in California is at historic lows.

Safe shelter is fundamental to a decent life. YES on Proposition 46 will:

- Double the number of emergency shelter beds.
- Expand the number of shelter beds for battered women.
- Provide security improvements and repairs to existing shelters.
- Provide clean and safe housing for senior citizens and low-income families.

Additionally, Proposition 46 provides affordable housing for working people, accessibility improvements to apartments for disabled Californians, and loan assistance for military veterans, teachers, police and firefighters.

Proposition 46 also creates 276,000 jobs and helps improve the state's economy.

*Allows Seniors to Live Independently:* "This measure allows seniors to live in an apartment or home without the fear of being institutionalized in a nursing home. We strongly urge a YES on 46."—Congress of California Seniors

*Helps Battered Women:* "Most cities in California don't have adequate shelters for women and children who have been beaten and abused. Proposition 46 begins to fix this bad situation."—Statewide California Coalition for Battered Women and California State Sheriffs Association

*Keeps Kids in School:* "Proposition 46 provides shelter for thousands of homeless children, allowing them to attend neighborhood schools without having to worry about a roof over their head."—California Teachers Association

*Independent Audits and Accountability:* "This measure requires independent audits and contains strict accountability provisions to ensure the funds are used as promised. Every city and county will be eligible to receive housing funds."—California Chamber of Commerce

*Loan Assistance for Veterans:* "Our veterans have protected American interests at home and around the world. This measure makes available low-interest loans so they can purchase their first home."—Vietnam Veterans of California, Inc.

*Critical Need For Housing and Emergency Shelters:* "Proposition 46 provides shelter for those who need help the most—battered women, homeless mothers with children and disabled seniors."—Habitat For Humanity, Orange County

Yes on 46 provides emergency shelter and housing relief without raising taxes. It will help the 23,000 women and children turned away from domestic violence centers because they were full. It requires independent audits to ensure the funds are spent correctly. We urge you to vote YES on Proposition 46. Visit our website [prop46yes.org](http://prop46yes.org).

PETE MAJOR, Executive Director

Habitat For Humanity, Orange County

BARBARA INATSUGU, President

League of Women Voters of California

DR. KATHIE MATHIS, Executive Director

Association to Aid Victims of Domestic Violence

## REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 46

- Supporters say the interest—hundreds of millions of dollars annually—for this bond can be paid out of existing resources. WHAT EXISTING RESOURCES? California faces multi-billion dollar deficits as far as the eye can see. The reality is, we are going to have to cut programs or raise taxes, or both, to pay back this bond.
- Supporters claim this bond will support battered women's shelters. But there is NO GUARANTEE that passing this bond will provide ONE SINGLE BED for a battered woman or her child. There's no mention of battered women's shelters in this bond, IT IS SIMPLY A POLITICAL PLOY. Those shelters will have to compete with everyone else in the same bureaucratic process!
- Supporters also say this bond will help provide affordable housing. But areas with the most critical housing shortages in our state—places like suburbs of Los Angeles, San Diego, and the Bay Area—

won't qualify for these monies because the bond is written to favor urban downtowns.

*Proposition 46 is a classic government boondoggle.* Higher fees, taxes, and strict regulations have made housing unaffordable in California. Now the same folks who created the problem want you to let them "solve" it, using YOUR TAX DOLLARS!

It is time for us to attack the real problem, not just to subsidize a failing, costly system.

Proposition 46 is no solution. We encourage you to vote NO.

MARILEE MONAGAN, Past Board Member

Women Escaping a Violent Environment (WEAVE)

LEW UHLER, President

National Tax Limitation Committee

## ARGUMENT AGAINST PROPOSITION 46

What do families, major corporations and governments have in common? They all collapse when they have too much debt. California is already on the brink of bankruptcy and now is not the time to be going further into debt.

Passing bonds only adds to the state's debts. Here is a snapshot of California's current situation:

- A \$24 billion budget deficit this year.
- \$26.9 billion in current general obligation bonds outstanding.
- \$11 billion in energy bonds that have yet to be sold.
- A \$13 billion school bond on this ballot.

In the past two years, California has borrowed or approved more than \$12.9 billion in 27 different bonds. Paying it back, however, will cost you a whole lot more.

Bonds are the government's equivalent of a high-interest credit card. Government borrows money and then taxpayers pay back that debt, meaning increased taxes, rates and fees. Even worse, your children will be paying off this bond long after the money has been spent.

With every pile of debt California takes on, our credit rating drops, and our interest rates go up—forcing you to pay even more for government's mistakes and whims.

So why is this particular housing bond not a good idea?

Unfortunately it does little to truly address housing issues in California.

This bond has a \$2.1 billion face value. It will cost you at least \$3.5 billion to pay it off. Of this \$2.1 billion, only \$290 million, about 15%, is put into the "Self-Help" fund that is supposed to help low-income, first-time homebuyers with down payments, supposedly a major selling point for this bond. Of that, only \$12.5 million is actually going to be used

to help with down payments. To make matters worse, to get a part of the \$12.5 million (one half of one percent of the bond) first-time homebuyers have to purchase their houses in government approved locations. None of these areas are the high-income areas where it is so hard to purchase a home. This program only applies to major urban centers and many of the least desirable places to live and raise children. So—the very small piece of this bond that is supposed to help you buy a house has so many strings that you will probably never qualify.

If we want to improve housing availability in California, we first need to make it easier to construct new homes. We need to reduce the red tape that homebuilders have to go through to build new housing and make it easier to build condominiums. This bond does NOTHING to address the barriers that exist to providing affordable, abundant housing in California.

Sacramento politicians hope you will overlook their fiscal mismanagement and allow California to go further into debt without forcing them to confront the true reasons we do not have adequate housing. Do not allow this. Vote no and force Sacramento to set priorities and address this crisis in a responsible way.

SENATOR RAY HAYNES, *Chair*

*State Senate Constitutional Amendments Committee*  
ASSEMBLYMAN ANTHONY PESCE, *Vice-Chair*  
*Assembly Utilities and Commerce Committee*  
JON COUPAL, *President*  
*Howard Jarvis Taxpayers Association*

## REBUTTAL TO ARGUMENT AGAINST PROPOSITION 46

Our opponents want you to believe that the solution to our emergency shelter and affordable housing problem for seniors, low-income families and battered women is to ignore the problem while the cost and consequences get even more severe.

Let's set the record straight: Proposition 46 will NOT require a tax increase and will be paid for by existing state funds. Additionally, taxpayers are protected by independent audits to ensure that the programs are carried out as promised.

The emergency shelter and affordable housing problems are getting worse.

"Last year, 23,000 women and children were turned away from domestic violence centers due to inadequate space. More and more senior citizens are homeless or forced into nursing homes, because they cannot afford rent increases. Our homeless shelters are overflowing and most don't have special facilities for families with children."—Dallas Jones, Director, California Office of Emergency Services

We represent a broad cross section of Californians who believe that Proposition 46 is a prudent and measured response to an emergency shelter and affordable housing situation that is in crisis.

That is why Proposition 46 is endorsed by these diverse groups:

- AARP
- California State Sheriffs Association
- California Chamber of Commerce
- League of Women Voters of California
- Statewide California Coalition for Battered Women
- California Nurses Association
- California Teachers Association
- California Professional Firefighters
- Congress of California Seniors

Proposition 46 provides shelter for our most vulnerable Californians: the elderly, disabled, homeless families, battered women and children. Please vote YES on 46.

TOM PORTER, *State Director*  
AARP

PETE MAJOR, *Executive Director*  
*Habitat For Humanity, Orange County*

DAN TERRY, *President*  
*California Professional Firefighters*

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## Housing and Emergency Shelter Trust Fund Act of 2002.

## ➤ PROP 46

Official Title and Summary

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## ➤ Text of Proposed Law

## PROP 47

## PROP 48

## PROP 49

## PROP 50

## PROP 51

## PROP 52

## TEXT OF PROPOSED LAW

This law proposed by Senate Bill 1227 of the 2001–2002 Regular Session (Chapter 26, Statutes of 2002) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

## PROPOSED LAW

SEC. 8. Part 11 (commencing with Section 53500) is added to Division 31 of the Health and Safety Code, to read:

## PART 11. HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2002

## CHAPTER 1. GENERAL PROVISIONS

53500. *This part shall be known and may be cited as the Housing and Emergency Shelter Trust Fund Act of 2002.*

53501. *As used in this part, the following terms have the following meanings:*

(a) "Committee" means the Housing Finance Committee created pursuant Section 53524.

(b) "Fund" means the Housing and Emergency Shelter Trust Fund created pursuant to Section 53520.

## CHAPTER 2. HOUSING AND EMERGENCY SHELTER TRUST FUND

53520. *The proceeds of bonds issued and sold pursuant to this part shall be deposited in the Housing and Emergency Shelter Trust Fund, which is hereby created. Money in the fund shall be allocated and utilized in accordance with Chapter 4 (commencing with Section 53533).*

## CHAPTER 3. FISCAL PROVISIONS

53521. *Bonds in the total amount of two billion one hundred million dollars (\$2,100,000,000) exclusive of refunding bonds, or so much thereof as is determined necessary and feasible by the committee in order to effectuate this part or to conduct an effective sale, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this part and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid legally and binding obligation of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.*

53522. *Any bonds issued and sold pursuant to this part may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of bonds described in this chapter shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.*

53523. (a) *The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) and all of the other provisions of that law apply to the bonds and to this part and are hereby incorporated in this part as though set forth in full in this part.*

(b) *Pursuant to the State General Obligation Bond Law, the cost of bond issuance shall be*

paid out of the bond proceeds. These costs shall be shared proportionally by each program funded through this chapter.

53524. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this part, the Housing Finance Committee is hereby created. For purposes of this part, the Housing Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Controller, the Treasurer, the Director of Finance, the Secretary of the Business, Transportation and Housing Agency, the Director of Housing and Community Development, and the Executive Director of the California Housing Finance Agency, or their designated representatives. The Treasurer shall serve as the chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the department is designated the "board" for programs administered by the department, and the agency is the "board" for programs administered by the agency.

53525. Upon request of the board stating that funds are needed for the purposes of this chapter, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this part in order to carry out the actions specified in Chapter 4 (commencing with Section 53533) and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

53526. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

53527. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund, for the purposes of this part, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this part, as the principal and interest become due and payable.

(b) The sum necessary to carry out the provisions of Section 53528, appropriated without regard to fiscal years.

53528. For the purposes of carrying out this part, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this part. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund from money received from the sale of bonds for the purpose of carrying out this part.

53529. Notwithstanding any other provision of this part, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this part that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes under designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law, or take any other action with respect to the investment and use of those bond proceeds, as may be required or desirable under federal law in order to maintain the tax exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

53530. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this part. The amount of the request shall not exceed the amount of unsold bonds that the committee has by resolution authorized to be sold for the purpose of carrying out this part. The board shall execute any documents that are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this part.

53531. All money deposited in the fund that is derived from premiums and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

53532. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this part are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

#### CHAPTER 4. ALLOCATION OF HOUSING BOND REVENUES

53533. (a) Money deposited in the fund from the sale of bonds pursuant to this part shall be allocated for expenditure in accordance with the following schedule:

(1) Nine hundred ten million dollars (\$910,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, except for the following:

(A) Fifty million dollars (\$50,000,000) shall be transferred to the Preservation Opportunity Fund and, notwithstanding Section 13340 of the Government Code, is continuously appropriated without regard to fiscal years for the preservation of at-risk housing pursuant to enabling legislation.



(B) Twenty million dollars (\$20,000,000) shall be used for nonresidential space for supportive services, including, but not limited to, job training, health services, and child care within, or immediately proximate to, projects to be funded under the Multifamily Housing Program. This funding shall be in addition to any applicable per-unit or project loan limits and may be in the form of a grant. Service providers shall ensure that services are available to project residents on a priority basis over the general public.

(C) Twenty-five million dollars (\$25,000,000) shall be used for matching grants to local housing trust funds pursuant to enabling legislation.

(D) Fifteen million dollars (\$15,000,000) shall be used for student housing through the Multifamily Housing Program, subject to the following provisions:

(i) The department shall give first priority for projects on land owned by a University of California or California State University campus. Second priority shall be given to projects located within one mile of a University of California or California State University campus that is suffering from a severe shortage of housing and limited availability of developable land as determined by the department. Those determinations shall be set forth in the Notice of Funding Availability and shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(ii) All funds shall be matched on a one-to-one basis from private sources or by the University of California or California State University. For the purposes of this subparagraph, "University of California" includes the Hastings College of the Law.

(iii) Occupancy for the units shall be restricted to students enrolled on a full-time basis in the University of California or California State University.

(iv) Income eligibility pursuant to the Multifamily Housing Program shall be established by verification of the combined income of the student and his or her family.

(v) Any funds not used for this purpose within 24 months of the date that the funds are made available shall be awarded pursuant to subdivision (a) for the Downtown Rebound Program as set forth in paragraph (1) of subdivision (c) of Section 50898.2.

(E) Any funds not encumbered for the purposes set forth in this paragraph, except subparagraph (D), within 30 months of availability shall revert to the Housing Rehabilitation Loan Fund created by Section 50661 for general use in the Multifamily Housing Program.

(F) If the enabling legislation for any program specified in this paragraph fails to be enacted into law in the 2001-02 Regular Session of the Legislature, the specified allocation for that program shall be void and the funds shall revert for general use in the Multifamily Housing Program.

(2) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Emergency Housing and Assistance Fund to be expended for the Emergency Housing and Assistance Program authorized by Chapter 11.5 (commencing with Section 50800) of Part 2.

(3) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, to be used for supportive housing projects for individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness. The criteria for selecting projects should give priority to supportive housing for people with disabilities who would otherwise be at high risk of homelessness where the applications represent collaboration with programs that meet the needs of the person's disabilities. The department may provide for higher per-unit loan limits as reasonably necessary to provide and maintain rents affordable to those individuals and households. For purposes of this paragraph, "supportive housing" means housing with no limit on length of stay, that is occupied by the target population, as defined in subdivision (d) of Section 53260, and that is linked to onsite or offsite services that assist the tenant to retain the housing, improve his or her health status, maximize his or her ability to live, and, when possible, work in the community.

(4) Two hundred million dollars (\$200,000,000) shall be transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund to be expended for farmworker housing programs authorized by Chapter 3.2 (commencing with Section 50517.5) of Part 2, except for the following:

(A) Twenty-five million dollars (\$25,000,000) shall be used for projects that serve migratory agricultural workers as defined in subdivision (i) of Section 7602 of Title 25 of the California Code of Regulations.

(B) Twenty million dollars (\$20,000,000) shall be used for developments that also provide health services to the residents. Recipients of these funds shall be required to provide ongoing monitoring of funded developments to ensure compliance with the requirements of the Joe Serna, Jr. Farmworker Housing Grant Program. Projects receiving funds through this allocation shall be ineligible for funding through the Joe Serna, Jr. Farmworker Housing Grant Program.

(C) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the Joe Serna, Jr. Farmworker Housing Grant Program.

(5) Two hundred five million dollars (\$205,000,000) shall be transferred to the Self-Help Housing Fund. Notwithstanding Section 13340 of the Government Code and Section 50697.1, these funds are hereby continuously appropriated without regard to fiscal years to the department to be expended for the purposes of the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, except for the following:

(A) Seventy-five million dollars (\$75,000,000) shall be transferred to the Building Equity and Growth in Neighborhoods Fund to be used for the Building Equity and Growth in Neighborhoods (BEGIN) Program pursuant to enabling legislation.

(B) Five million dollars (\$5,000,000) shall be used to provide grants to cities, counties, cities and counties, and nonprofit organizations to provide grants for lower income tenants with disabilities for the purpose of making exterior modifications to rental housing in order to make that

housing accessible to persons with disabilities. For the purposes of this subparagraph, "exterior modifications" includes modifications that are made to entryways or to common areas of the structure or property. The program provided for under this subparagraph shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(C) Ten million dollars (\$10,000,000) shall be expended for construction management under the California Self-Help Housing Program pursuant to subdivision (b) of Section 50696.

(D) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the CalHome Program.

(E) If the enabling legislation for any program specified in this paragraph fails to be enacted into law in the 2001-02 Regular Session of the Legislature, the specified allocation for that program shall be void and the funds shall revert for general use in the CalHome Program.

(6) Five million dollars (\$5,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for capital expenditures in support of local code enforcement and compliance programs. This allocation shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code. If the moneys allocated pursuant to this paragraph are not expended within three years after being transferred, the department may, in its discretion, transfer the moneys to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program.

(7) Two hundred ninety million dollars (\$290,000,000) shall be transferred to the Self-Help Housing Fund. Notwithstanding Section 50697.1, these funds are hereby continuously appropriated to the agency to be expended for the purposes of the California Homebuyer's Downpayment Assistance Program authorized by Chapter 11 (commencing with Section 51500) of Part 3, except for the following:

(A) Fifty million dollars (\$50,000,000) shall be transferred to the School Facilities Fee Assistance Fund as provided by subdivision (a) of Section 51453 to be used for the Homebuyer Down Payment Assistance Program of 2002 established by Section 51451.5.

(B) Eighty-five million dollars (\$85,000,000) shall be transferred to the California Housing Loan Insurance Fund to be used for purposes of Part 4 (commencing with Section 51600).

(C) Twelve million five hundred thousand dollars (\$12,500,000) shall be reserved for downpayment assistance to low-income first-time homebuyers who, as documented to the agency by a nonprofit organization certified and funded to provide homeownership counseling by a federally funded national nonprofit corporation, is purchasing a residence in a community revitalization area targeted by the nonprofit organization and who has received homeownership counseling from the nonprofit organization.

(D) Twenty-five million dollars (\$25,000,000) shall be used for downpayment assistance pursuant to Section 51505. After 18 months of availability, if the agency determines that the funds set aside pursuant to this section will not be utilized for purposes of Section 51505, these funds shall be available for the general use of the agency for the purposes of the California Homebuyer's Down Payment Assistance Program, but may also continue to be available for the purposes of Section 51505.

(E) Funds not utilized for the purposes set forth in subparagraphs (B) and (C) within 30 months shall revert for general use in the California Homebuyer's Down Payment Assistance Program.

(8) One hundred million dollars (\$100,000,000) shall be transferred to the Jobs Housing Improvement Account to be expended as capital grants to local governments for increasing housing pursuant to enabling legislation. If the enabling legislation fails to become law in the 2001-02 Regular Session of the Legislature, the specified allocation for this program shall be void and the funds shall revert for general use in the Multifamily Housing Program as specified in paragraph (1) of subdivision (a).

(b) No portion of the money allocated pursuant to this section may be expended for project operating costs, except that this section does not preclude expenditures for operating costs from reserves required to be maintained by or on behalf of the project sponsor.

(c) The Legislature may, from time to time, amend the provisions of law related to programs to which funds are, or have been, allocated pursuant to this section for the purpose of improving the efficiency and effectiveness of the program, or for the purpose of furthering the goals of the program.

(d) The Bureau of State Audits shall conduct periodic audits to ensure that bond proceeds are awarded in a timely fashion and in a manner consistent with the requirements of this part, and that awardees of bond proceeds are using funds in compliance with applicable provisions of this part.